

AMENDED IN ASSEMBLY MARCH 20, 2001

CALIFORNIA LEGISLATURE—2001–02 FIRST EXTRAORDINARY SESSION

ASSEMBLY BILL

No. 58

Introduced by Assembly Member Cox

February 16, 2001

An act to add ~~Section 6353.5 to~~ *and repeal Section 6353.5 of* the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 58, as amended, Cox. Sales and use taxes: exemption: solar energy system.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property. That law provides various exemptions from that tax, including an exemption for gas, electricity, and water, and other forms of energy, as specified.

This bill would additionally exempt from sales and use taxes any solar energy system designed to provide thermal energy for the purpose of heating water or providing electrical power, which purposes would otherwise require the use of a conventional source of energy, such as petroleum products, natural gas, manufactured gas, or electricity, as specified. This bill also would provide that the exemption established by the bill does not apply to taxes, as specified, imposed by, or allocated to, local governments. *These provisions would be repealed on January 1, 2005.*

This bill would take effect immediately as a tax levy, but its operative date would depend on its effective date.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 6353.5 is added to the Revenue and
2 Taxation Code, to read:

3 6353.5. (a) There are exempted from the taxes imposed by
4 this part the gross receipts from the sale in this state of, and the
5 storage, use, or other consumption in this state of, any solar energy
6 system designed to provide thermal energy for the purpose of
7 heating water or providing electrical power, which purposes
8 would otherwise require the use of a conventional source of
9 energy, such as petroleum products, natural gas, manufactured
10 gas, or electricity.

11 (b) (1) A solar thermal system for water heating is not eligible
12 for the exemption established by this section unless it is rated and
13 certified by the Solar Rating and Certification Corporation, or
14 another entity that rates and certifies complete solar systems.

15 (2) A photovoltaic system is not eligible for the exemption
16 established by this credit unless it meets all applicable safety and
17 performance standards established by the National Electrical
18 Code, the Institute of Electrical and Electronics Engineers, and
19 accredited testing laboratories, such as the Underwriters
20 Laboratories.

21 (3) Only a complete solar energy system designed to provide
22 thermal energy or electrical power may be eligible for this
23 exemption, and spare or replacement parts or individual
24 components are not eligible. For purposes of this paragraph, a
25 complete solar energy system includes all solar collectors, piping,
26 wiring, pumps, controls, power conditioning equipment, thermal
27 or battery storage, and other components as required for a
28 complete and fully functioning system, and may be sold as a
29 separate package without installation labor or as part of an
30 installed system.

31 (4) Conventional heating, pumping, wiring, or control
32 equipment, such as a conventional water heater or internal
33 building wiring, that could function independently in the intended
34 application in the absence of a solar system, is not eligible for the
35 exemption established by this section.



1 (c) The exemption established by this section does not apply to
2 any of the following:

3 (1) A tax imposed pursuant to the Bradley-Burns Uniform
4 Local Sales and Use Tax Law (Part 1.5 (commencing with Section
5 7200)), or in accordance with the Transactions and Use Tax Law
6 (Part 1.6 (commencing with Section 7251)).

7 (2) A tax imposed pursuant to Section 6051.2 or 6201.2, or
8 pursuant to Section 35 of Article XIII of the California
9 Constitution.

10 (d) *This section shall remain in effect only until January 1,*
11 *2005, and as of that date is repealed, unless a later enacted statute,*
12 *that is enacted before January 1, 2005, deletes or extends that date.*

13 SEC. 2. This act provides for a tax levy within the meaning of
14 Article IV of the Constitution and shall go into immediate effect.
15 However, the provisions of this act shall become operative on the
16 first day of the first calendar quarter commencing more than 90
17 days after the effective date of this act.

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